HOUSING MARKET OUTLOOK
Barrie CMA

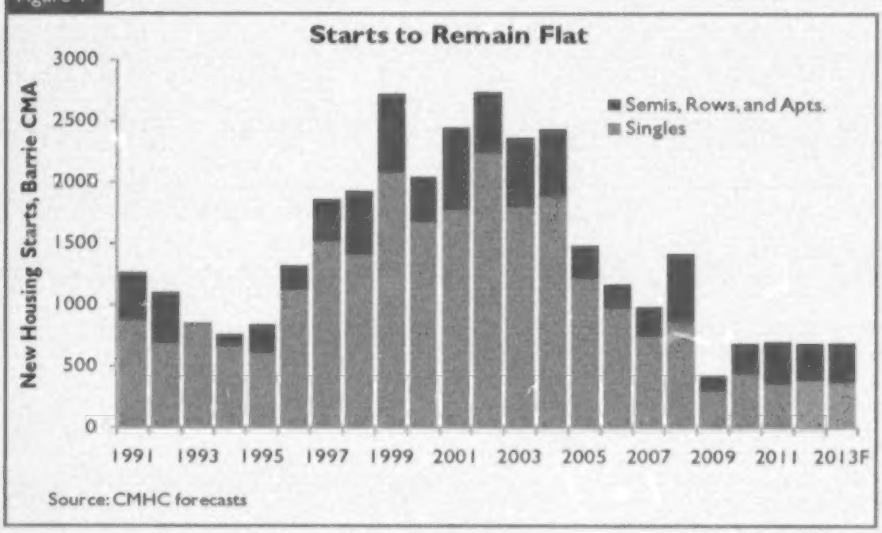
CANADA MORTGAGE AND HOUSING CORPORATION

Date Released: Spring 2012

Market at a Glance

- Sales will increase modestly in 2012 and decrease slightly in 2013.
- New listings will remain flat, and the market will be balanced in 2012.
- Despite increased new construction in the first half of 2012, new starts will come in slightly lower than 2011.
- Stronger employment and income growth will provide support for housing demand by 2013.

Figure 1



* The forecasts included in this document are based on information available as of April 27, 2012.

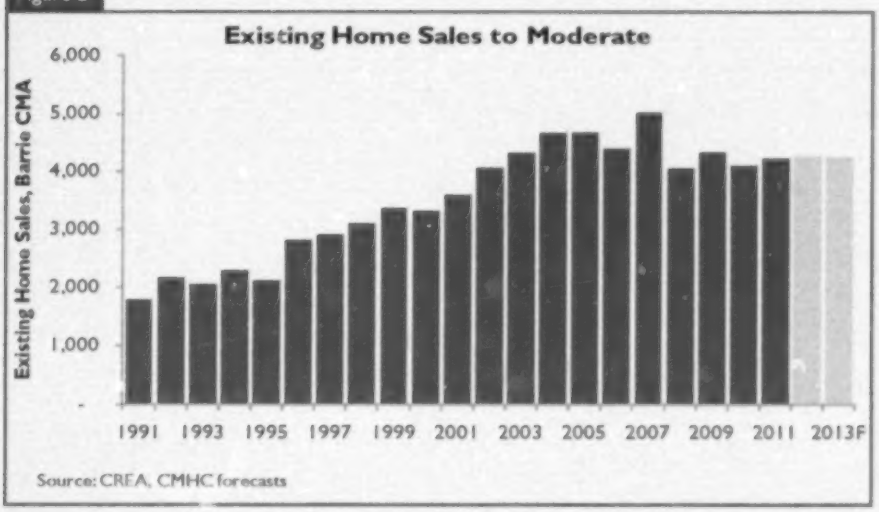
Table of Contents

1 Market at a Glance
2 Resale Market
3 New Homes Market
3 Local Economy
3 Mortgage Rate Outlook
5 Forecast Summary

SUBSCRIBE NOW!

Access CMHC's Market Analysis Centre publications quickly and conveniently on the Order Desk at www.cmhc.ca/housingmarketinformation. View, print, download or subscribe to get market information e-mailed to you on the day it is released. CMHC's electronic suite of national standardized products is available for free!

Figure 2



Resale Market

Pull forward buying increases home sales in 2012

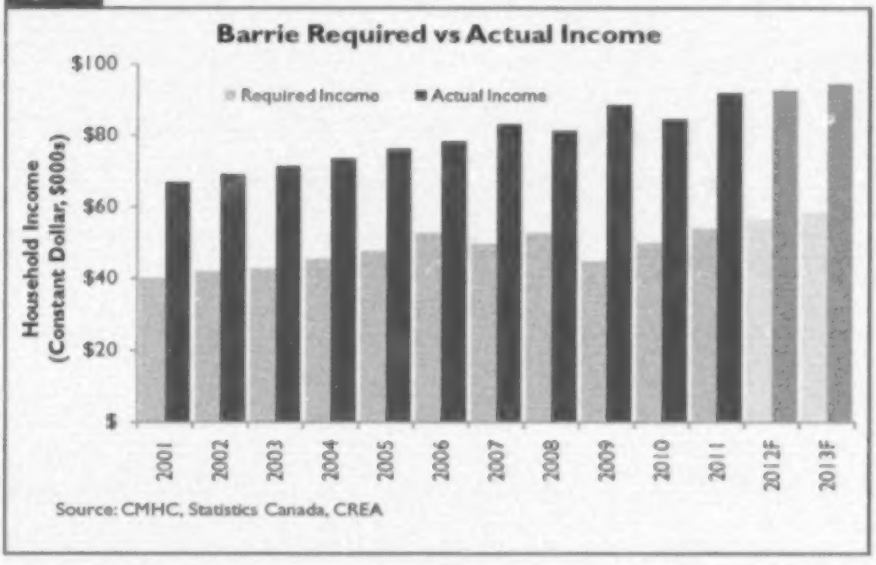
Employment growth in the mid-part of 2011 translated to increased demand for existing homes in the first quarter of 2012. Some buyers also purchased earlier than planned to take advantage of an easing in mortgage rates in the first quarter. This implies fewer purchases later in the year and to a lesser degree in 2013. By late 2011, the employment market had cooled considerably and this will also dampen sales later in 2012. However, the stronger-than-expected sales activity during the first half of 2012 will make the final tally of existing home sales come in slightly higher than 2011. The strengthening US recovery will help local employment increase. An improving employment picture will ensure that the downward adjustment in sales will be orderly by 2013 despite tighter mortgage market conditions.

In the first quarter of 2012, new listings were lower than the last quarter of 2011 as the rise in sales did not generate many new listings. During the first quarter of 2012, many buyers were likely repeat buyers, who usually list their current home when they purchase a different one. However, repeat buyers coming from Toronto would not generate a listing in Barrie but rather in Toronto – explaining less choice and supply in the Barrie resale market. A widening gap between prices in Barrie and Toronto gave buyers in the GTA an incentive to consider the Barrie market. The stronger rate of price growth beginning in late 2011 will encourage existing home owners to the market to list their homes. Stronger new listings growth in the back half of the year will push total new listings higher in 2012 from the final tally of 2011.

Given the strong sales and easing listings in the first quarter of 2012, the sales-to-new listings ratio indicated the market had tightened to the point that conditions were favouring sellers. By the second quarter conditions will be easing and, on average, the market will be in balance in 2012. In 2013, conditions will ease slightly, but the market will remain balanced.

The average price of an existing home in Barrie will come in higher in 2012 compared to 2011 due to increased

Figure 3



Required income is mortgage carrying costs divided by 0.32 to reflect the usual 32 per cent gross debt service ratio. Mortgage carrying costs are calculated based on 10 per cent down payment, the fixed five-year mortgage rate and the longest available amortization for a mortgage loan.

demand and compositional effects in the early part of the year. In 2013, cooling demand and more supply will lead to slower price growth than in 2012.

New Homes Market

Low mortgage rates make singles more attractive

Single starts have been fluctuating around a very gradual strengthening trend since dropping in 2009. They were up in the first quarter of 2012 and the very tight resale market during that quarter likely led to some spill-over demand which will result in higher starts later in 2012. On average, single starts will be up nearly eight per cent in 2012 but then fall back somewhat in 2013.

Land constraints and demand for more affordable housing options will support growth in starts of higher-density housing types. Apartment starts were unusually high in 2011 and will fall back from that level. However, in both 2012 and 2013 they will be well above the average of the previous ten years. Town house starts will be up about 10 per cent in both years.

The average and median prices for new homes fluctuate significantly, depending to a large extent on the type of homes which are completed in a given period. The average price has been trending up at a rate of over three per cent since 2010. This pace will slow over the course of 2012 and into 2013. Most of the increase will be due to rising costs, particularly the price of land. In the past, shifts in the proportion of homes with high or low price tags have affected the rate of increase in the average price. However, such shifts will not be a major factor in price developments through most of the next two years.

Local Economy

Modest economic growth expected in 2012

In 2012, uncertainty about the global economic recovery will have an effect on the local economy. Employers will hold off on hiring more workers and make do with what they have now. As the year progresses some of these uncertainties will be cleared up but overall employment will grow at a more subdued rate than in 2011. The labour demand story will have an effect on labour supply. Modest employment growth will cause the labour force's growth rate to give back some of the growth from 2011.

In 2013, the continuing US recovery will help the local economy. Increased US demand for Canadian goods and services will call for higher employment growth to satisfy increased demand. Employers will have to take on new employees to satisfy increased orders and to take advantage of the capital which had not been fully used during the economic downturn. At a local level, infrastructure projects in the area such as the hospital expansion as well as growth in the education services sector will add to employment growth too. The growth in key sectors will have spill over effects to other sectors. Employment prospects will improve in 2013 and the labour force will expand much more significantly than in 2012.

Average weekly earnings will mirror what is happening in the economy. In the next two years earnings will trend up. In 2012, earnings growth will be modest but in 2013 average earnings growth will be higher due to an expanding economy returning to full-capacity.

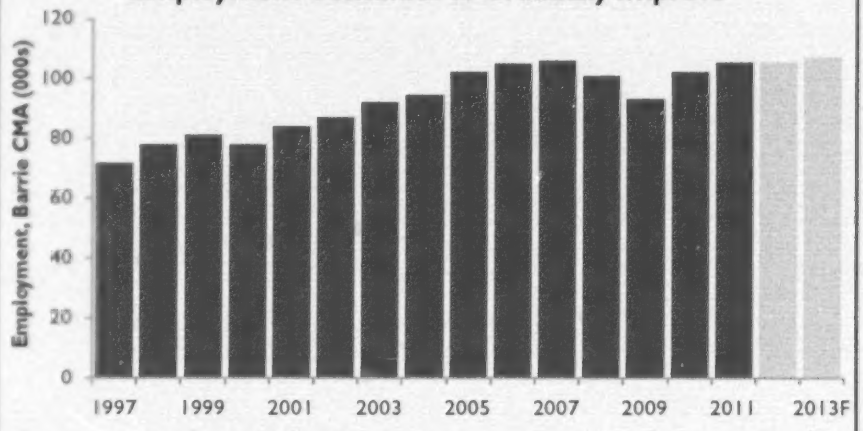
Total new migrants settling in Barrie will be about the same in 2012 compared to 2011. However, economic growth in 2013 will attract more people to Barrie for work, life, and education purposes pushing the final tally above the number expected in 2012.

Mortgage Rate Outlook

CMHC uses publically available information and the consensus among major Canadian forecasters as a basis

Figure 4

Employment Continues to Gradually Improve



Source: Statistics Canada, CMHC forecasts

for its interest rate forecast. Although there is significant uncertainty, consensus forecasts suggest that interest rates are not expected to rise until at least later in 2012, but will remain low by historical standards, thus supporting the Canadian housing market.

According to CMHC's base case scenario, posted mortgage rates will increase near the end of 2012. For 2012, the one-year posted mortgage rate is expected to be in the 3.1 to 3.6 per cent range, while the five-year posted mortgage rate is forecast to be within 5.0 to 5.4 per cent. For 2013, the one-year posted mortgage rate is expected to rise with interest rates and be in the 3.5 to 4.1 per cent range, while the five-year posted mortgage rate is forecast to be within 5.1 to 5.6 per cent.

Forecast Summary
Barrie CMA
Spring 2012

	2009	2010	2011	2012f	% chg	2013f	% chg
Resale Market							
MLS® Sales	4,326	4,105	4,228	4,270	1.0	4,250	-0.5
MLS® New Listings	7,502	8,008	7,676	7,792	1.5	7,908	1.5
MLS® Average Price ($)	263,959	281,966	287,588	303,030	5.4	306,365	1.1
New Home Market							
Starts:							
Single-Detached	292	442	354	385	8.8	373	-3.1
Multiples	135	240	346	301	-13.0	320	6.3
Semi-Detached	0	4	1	7	**	7	0.0
Row/Townhouse	0	133	78	71	-9.0	78	9.9
Apartments	135	103	267	223	-16.5	235	5.4
Starts - Total	427	682	700	686	-2.0	693	1.0
Average Price ($):							
Single-Detached	431,237	407,200	416,757	430,000	3.2	440,000	2.3
New Housing Price Index (% chg.) (Ontario)	0.1	2.4	3.6	n/a	-	n/a	-
Rental Market							
October Vacancy Rate (%)	3.8	3.4	1.7	1.5	-	1.4	-
Two-bedroom Average Rent (October) ($)	961	968	1,001	1,032	3.1	1,052	1.9
Economic Overview							
Mortgage Rate (1 year) (%)	4.02	3.49	3.52	3.37	-	3.78	-
Mortgage Rate (5 year) (%)	5.63	5.61	5.37	5.26	-	5.37	-
Annual Employment Level	93,300	102,200	105,500	105,802	0.3	107,283	1.4
Employment Growth (%)	-7.5	9.5	3.2	0.4	-	1.4	-
Unemployment rate (%)	9.4	9.5	9.7	9.6	-	9.3	-
Net Migration	1,022	845	815	800	-1.8	860	7.5

MLS® is a registered trademark of the Canadian Real Estate Association (CREA).

Source: CMHC (Starts and Completions Survey, Market Absorption Survey), adapted from Statistics Canada (CANSIM), CREA, Statistics Canada (CANSIM)
NOTE: Rental universe = apartments 3+

CMHC—HOME TO CANADIANS

Canada Mortgage and Housing Corporation (CMHC) has been Canada's national housing agency for more than 65 years.

Together with other housing stakeholders, we help ensure that the Canadian housing system remains one of the best in the world. We are committed to helping Canadians access a wide choice of quality, environmentally sustainable and affordable housing solutions that will continue to create vibrant and healthy communities and cities across the country.

For more information, visit our website at www.cmhc.ca

You can also reach us by phone at 1-800-668-2642 or by fax at 1-800-245-9274.
Outside Canada call 613-748-2003 or fax to 613-748-2016.

Canada Mortgage and Housing Corporation supports the Government of Canada policy on access to information for people with disabilities. If you wish to obtain this publication in alternative formats, call 1-800-668-2642.

The Market Analysis Centre's (MAC) electronic suite of national standardized products is available for free on CMHC's website. You can view, print, download or subscribe to future editions and get market information e-mailed automatically to you the same day it is released. It's quick and convenient! Go to www.cmhc.ca/housingmarketinformation

For more information on MAC and the wealth of housing market information available to you, visit us today at www.cmhc.ca/housingmarketinformation

To subscribe to priced, printed editions of MAC publications, call 1-800-668-2642.

©2012 Canada Mortgage and Housing Corporation. All rights reserved. CMHC grants reasonable rights of use of this publication's content solely for personal, corporate or public policy research, and educational purposes. This permission consists of the right to use the content for general reference purposes in written analyses and in the reporting of results, conclusions, and forecasts including the citation of limited amounts of supporting data extracted from this publication. Reasonable and limited rights of use are also permitted in commercial publications subject to the above criteria, and CMHC's right to request that such use be discontinued for any reason.

Any use of the publication's content must include the source of the information, including statistical data, acknowledged as follows:

Source: CMHC (or "Adapted from CMHC," if appropriate), name of product, year and date of publication issue.

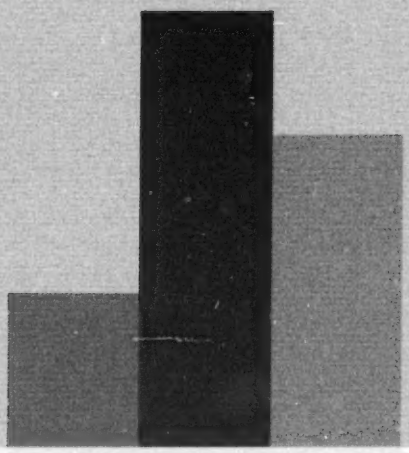
Other than as outlined above, the content of the publication cannot be reproduced or transmitted to any person or, if acquired by an organization, to users outside the organization. Placing the publication, in whole or part, on a website accessible to the public or on any website accessible to persons not directly employed by the organization is not permitted. To use the content of any CMHC Market Analysis publication for any purpose other than the general reference purposes set out above or to request permission to reproduce large portions of, or entire CMHC Market Analysis publications, please contact: the Canadian Housing Information Centre (CHIC) at chic@cmhc.ca; 613-748-2367 or 1-800-668-2642.

For permission, please provide CHIC with the following information:
Publication's name, year and date of issue.

Without limiting the generality of the foregoing, no portion of the content may be translated from English or French into any other language without the prior written permission of Canada Mortgage and Housing Corporation.

The information, analyses and opinions contained in this publication are based on various sources believed to be reliable, but their accuracy cannot be guaranteed. The information, analyses and opinions shall not be taken as representations for which Canada Mortgage and Housing Corporation or any of its employees shall incur responsibility.

Housing market intelligence you can count on



FREE REPORTS AVAILABLE ON-LINE

- Canadian Housing Statistics
- Housing Information Monthly
- Housing Market Outlook, Canada
- Housing Market Outlook, Highlight Reports – Canada and Regional
- Housing Market Outlook, Major Centres
- Housing Market Tables: Selected South Central Ontario Centres
- Housing Now, Canada
- Housing Now, Major Centres
- Housing Now, Regional
- Monthly Housing Statistics
- Northern Housing Outlook Report
- Preliminary Housing Start Data
- Renovation and Home Purchase Report
- Rental Market Provincial Highlight Reports *Now semi-annual!*
- Rental Market Reports, Major Centres
- Rental Market Statistics *Now semi-annual!*
- Residential Construction Digest, Prairie Centres
- Seniors' Housing Reports

Get the market intelligence you need today!

Click www.cmhc.ca/housingmarketinformation to view, download or subscribe.

CMHC's Market Analysis Centre e-reports provide a wealth of detailed local, provincial, regional and national market information.

- **Forecasts and Analysis –** Future-oriented information about local, regional and national housing trends.
- **Statistics and Data –** Information on current housing market activities — starts, rents, vacancy rates and much more.

Are you interested in housing research?

Stay up-to-date with the latest housing research findings and events related to sustainable housing and communities, housing conditions and trends, housing finance and more.

Subscribe Today to CMHC's Housing Research E-Newsletter!

65712_2012_B01